

Need analysis

A need analysis is an investigation into a need of your organisation. It helps you ensure that any tendering process will focus on a solution to the exact problem.

1. When should you use a need analysis?

Before you purchase a product or service, it is important to know what the precise need of your organisation is and who has this need. Often, by consulting various experts and investigating the 'need behind the need', this casts new light on what the actual need is. By then correctly formulating the need in the request, you can provide the scope for innovations that can satisfy the need.

2. Step-by-step plan

By following the steps below, you can carry out your own need analysis. You can if you wish repeat steps in order to achieve a better result each time.

Step 1: write a first draft definition of the problem

Draw up a document setting out the initial questions and answers concerning a need. You can be assisted in this by a selected group of relevant persons, such as end users and responsible parties within your organisation. It is usual for there to be differences of opinion within an organisation concerning the nature of the problem. It is a good idea to analyse and use these differences of opinion.

Ask yourself the following questions:

- *What is the problem?*
Describe the nub of the problem. Be aware that you can deliberately decide to give either a broad or a narrow definition. Make sure that you do not compound the problem with the desired solution. Suppose, for example, that you define the problem as 'The department needs new desks'; then the choice of solution has already been made. The actual problem, however, could be that workstations within the department are not well equipped and that this prevents staff from working effectively. By applying this broader analysis, a whole range of alternative solutions enter the scene. At the same time, be careful not to define the problem too vaguely: 'something must be done' and the use of buzz words such as 'circular economy' or 'future-proof' is not a good description of the problem.
- *Who is the problem owner?*
Appoint the person to be responsible for specifying and satisfying the need. This will usually be the internal contracting authority. If the need analysis is carried out at an early stage, this can avoid the situation of not being able to identify any person with ultimate responsibility. Who feels they are responsible? Sometimes responsibility is shared. Discuss this and ensure that the problem owner is clearly identified.

- *Who experiences the problem?*
Identify the end user faced with the problem. This could be the problem owner itself, or a group of internal workers, customers or society at large.
- *Who are the stakeholders?*
Which parties are involved in solving the problem? Are they directly or indirectly involved? By identifying all relevant parties, you reduce the chance that your ultimate solution is favourable to some parties, but not overall.
- *What is the size of the problem?*
Describe the importance of a solution to the problem and the reasons behind it. What are the consequences of there being no solution in the short term? And in the long term? Can you use this to calculate a budget required for the solution?
- *What are the characteristics of the solution?*
Don't identify the solution as yet, but do specify the characteristics of any solution. If the need is already very real and specific, then it will be possible to specify more characteristics of the solution.
- *What are the preconditions?*
Specify the preconditions to the solution or the procurement process. Are there identifiable obstacles in terms of the budget, planning and specifications? Is your organisation set up to deal with the required (innovative) solution? Often there are preconditions in policy areas, such as social criteria (e.g. social return). What is current policy? And what are the rules?
- *Where do the opportunities lie?*
Are there opportunities for combining a solution to this problem with another project? Can the need be satisfied within the organisation itself? Can the need also play a role in the area of sustainability, the promotion of local entrepreneurship or other policy themes adopted by your organisation?

Step 2: discuss the identification of the problem with the relevant parties

You can test the questions and answers from step 1 within a larger group of relevant parties. Decide which parties are able to give important feedback. There will probably be various opinions as to how to define the problem, because people have different backgrounds and interests. These differences of opinion will help you get a more focused view of the truth. Also remember that discussions with stakeholders (people with an interest in the outcome) not only help focus the analysis of the problem but also create support for a solution.

You can consult various parties, including:

- *Experts:* experts in the field of the need you are investigating. Depending on the nature of the need, you can consult experts from within or outside your own organisation. They may be able to help you describe your need more precisely. You can also consult [category managers](#) with knowledge of the area of facility procurement.

- *Customer council*: a representative body of users and users of the desired solution. Some government bodies use these. A customer council can provide a lot of practical information. Bear in mind that not all end users are able to explicitly state what their need is.

Depending on the number of parties you may choose to organise a meeting. If you want to consult a small number of people, you could speak to them on a one-on-one basis. Here are a number of tips to make a meeting a success:

- *Organisation and attitude*: it is important during a meeting to encourage the right mindset amongst the attendees. Defining the need of the organisation is, actually, a creative process. It would be better to consult parties that jump to conclusions ('We only need solution X') individually. The goal is to find a problem definition wide enough in scope to allow for innovation, but also targeted and detailed enough to be able to select workable solutions. During the session you should seek the balance between a close-up and wide-angle approach:
 - *Wide angle*: could you formulate the need more generally (from a wider angle) so that you also give alternative solutions a chance? Provided that you formulate the desired outcome properly, you can define the need at a high level of abstraction without losing control of the procurement process.
 - *Close up*: can you formulate your need more specifically (from close up), so that your request can be more targeted? You should ensure not to exclude any important areas where solutions may lie.
- *Guidance*: in guiding a meeting it is important to consider all the different points of view. Try to avoid a discussion that emphasises differences of opinion. You could engage a professional facilitator for this process. Some organisations will have their own pools of facilitators; for example, the Ministry for Economic Affairs has the EZ Tigers, and the Rijkswaterstaat uses the facilitators from the LEF Future Centre. Furthermore, the market also offers an adequate supply of freelance facilitators. You should usually give preference to a facilitator that already knows your organisation.

Step 3: define the problem more precisely

Use the input of the various parties to add to the questions and answers from step 1. New questions may be raised. You can then again interact with certain parties. Depending on the questions you may have, you could pursue communications by organising a new meeting, via individual discussion or by e-mail. You should repeat steps 2 and 3 till you are satisfied.

After a number of repeated cycles, you can conclude that you have processed all the points of view. An effective need analysis reflects the input of the relevant parties and indicates the criteria that a solution must satisfy. By describing the problem in detail, you enable the market to come up with exactly the right solutions.

Step 4: discuss the need analysis with your internal contracting authority

Discuss the conclusions of the need analysis with the contracting authority and look ahead to the request. How will we convert the findings into a request addressed to the market? Is the available budget sufficient? The contracting authority may decide to take the need analysis further or amend it. In such a case, you will repeat the process one or more times. Time invested before you issue the tender will be rewarded in the future. Once the contracting authority or party with ultimate responsibility has agreed to the need analysis, the next steps can be followed.

If the need is defined at a strategic level, it may be that there is no direct contracting authority to give its agreement. In that case, a decision needs to be taken higher up the line by the project group or committee that has decided to analyse the need further.

On the basis of the completed need analysis you can conduct further research into possible areas where solutions may lie, for instance by conducting a market analysis.

3. Legal framework

There are no legal restrictions on the conduct of the type of need analysis as described above.

4. Further information:

[Public Procurement/purchasing needs](#)

Questionnaire for identifying the problem

Project:

Version:

Date:

Prepared by:

1. *What is the problem?*
2. *Who is the problem owner?*
3. *Who experiences the problem?*
4. *Who are the stakeholders?*
5. *What is the size of the problem?*
6. *What are the characteristics of the solution?*
7. *What are the preconditions?*
8. *Where do the opportunities lie?*

4. Source

This information was taken from the “Innovation Procurement for Contracting Authorities” document that was prepared by [PIANOo](#) in 2017.